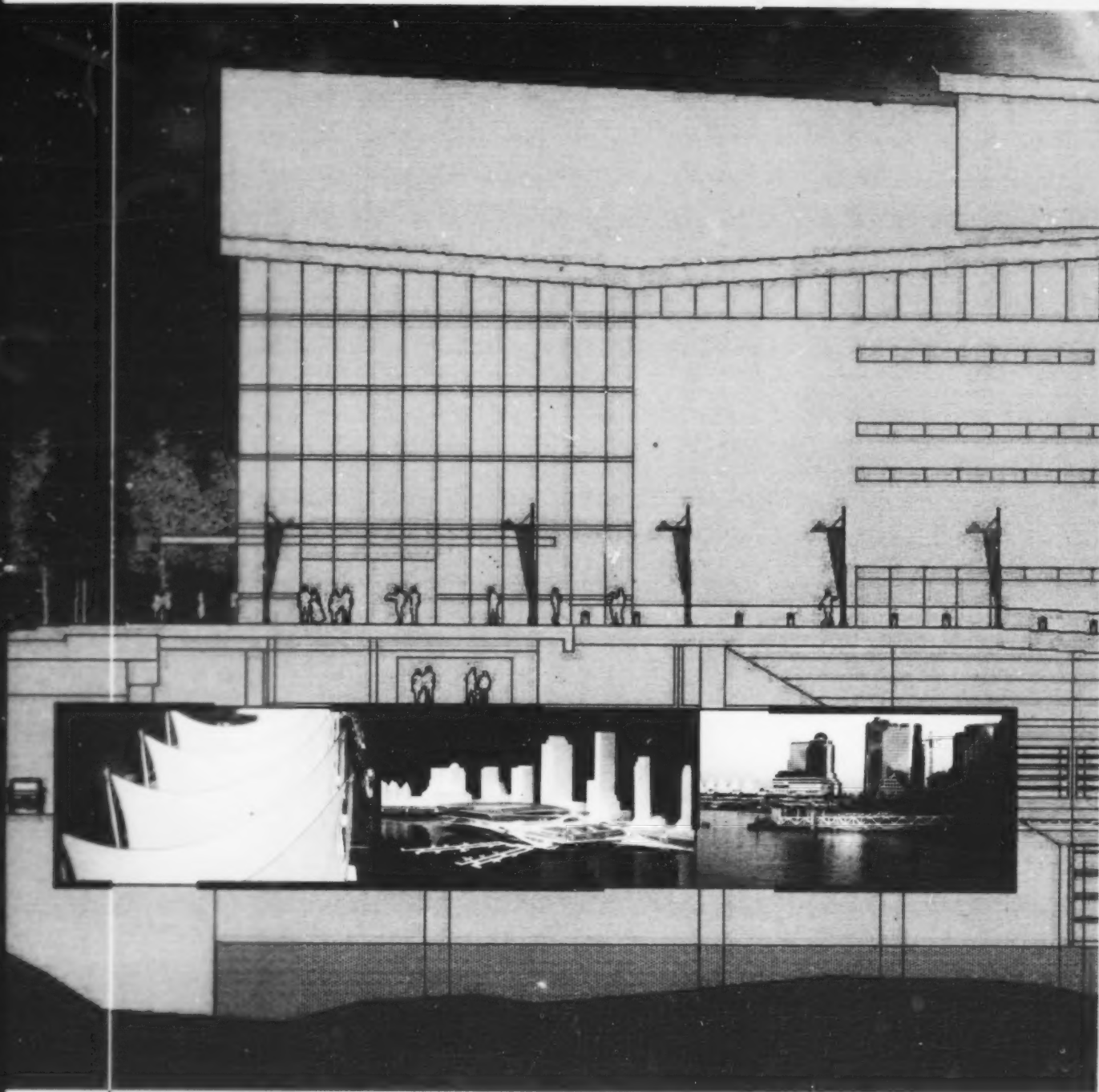
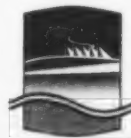


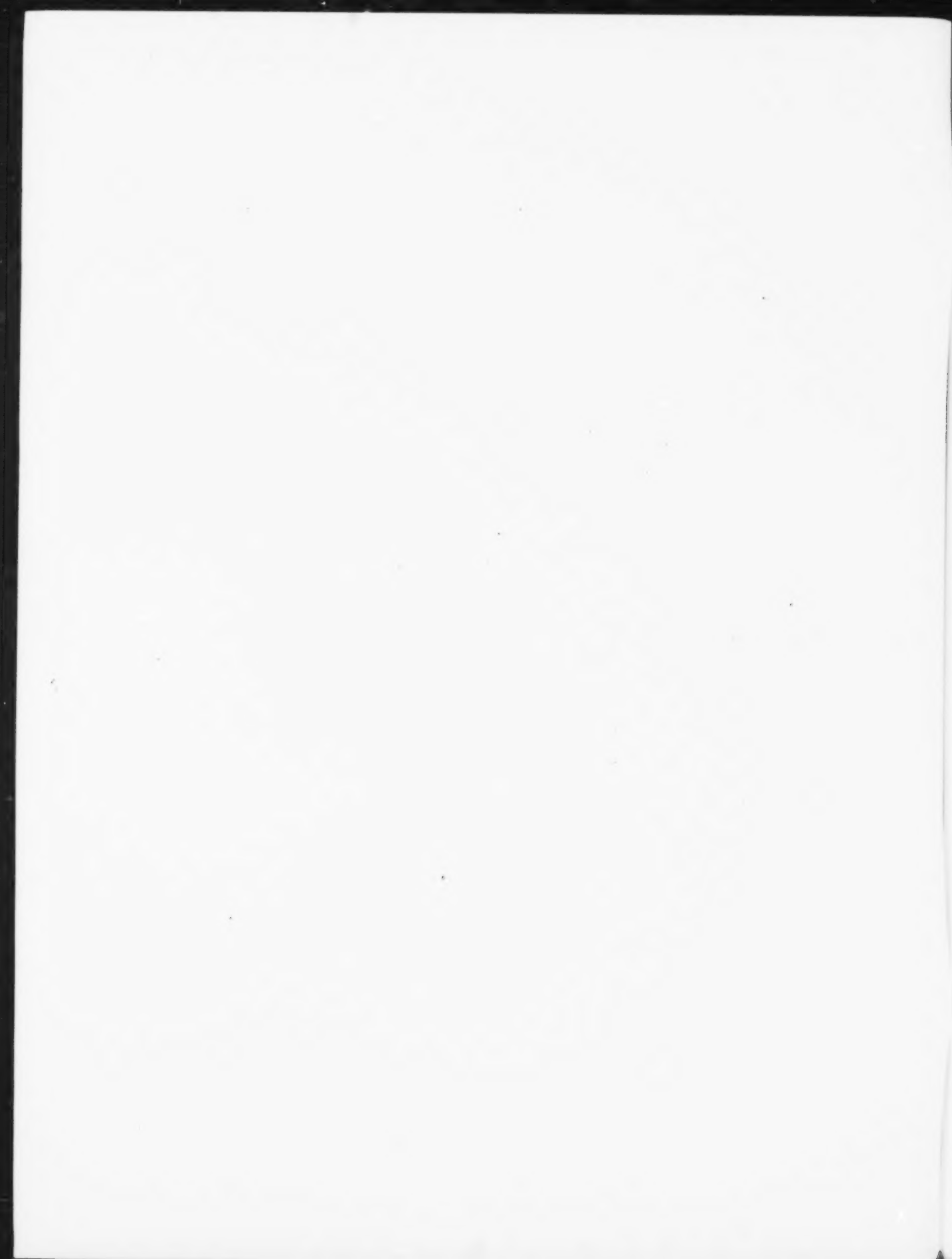


ANNUAL SERVICE PLAN REPORT
2005/2006



VANCOUVER
CONVENTION CENTRE EXPANSION
PROJECT





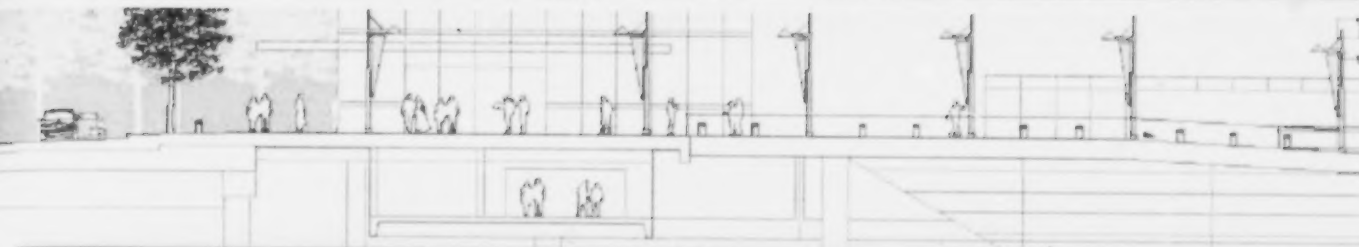


TABLE OF CONTENTS

MESSAGE FROM THE CHAIR TO THE MINISTER RESPONSIBLE	1
ACCOUNTABILITY STATEMENT	1
ORGANIZATIONAL OVERVIEW	2
REPORT ON PERFORMANCE	3
ALIGNMENT WITH GOVERNMENT'S STRATEGIC PLAN	6
CORPORATE GOVERNANCE	6
CONTACT INFORMATION	8
FINANCIAL REPORT	9

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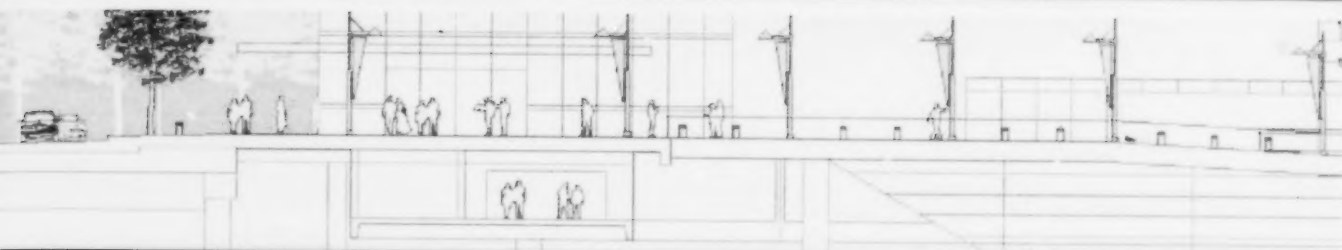
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MESSAGE FROM THE CHAIR TO MINISTER RESPONSIBLE

To the Minister of Tourism, Sport and the Arts:

On behalf of the Board of Directors of the Vancouver Convention Centre Expansion Project Ltd. (VCCEP), I am pleased to present the 2005/06 Annual Service Plan Report.

The expansion of the Vancouver Convention Centre is progressing well. Significant construction progress is noticeable along the waterfront.

VCCEP has made considerable progress over the past year. Highlights include the approval by the Shareholder of the Project scope, budget and schedule, and subsequent revised scope, approval of its Complete Development Permit application from the City of Vancouver, the completion and turnover to the City of Vancouver of the underground parking lot adjacent to Thurlow Plaza, completion of site preparation and ground densification activities, tendering of over half of the procurement to complete construction, completion of the Connector lease, and commencement of foundation concrete pours. We are also near completion of the pile installation on land and water.

As of March 31, 2006, there were no variations from VCCEP's 2006/07 - 2008/09 Service Plan.

In 2006/07, VCCEP will: continue to work with the City of Vancouver to satisfy 'prior-to' conditions as part of the Complete Development Permit; complete detailed construction drawing and documents, complete negotiations with the commercial developer and the integrated building systems and communications business partners; and explore options to maximize the sustainable attributes of the new facility and to leverage the return on the public investment.

I was pleased to welcome Virginia Greene, in her then capacity of Deputy Minister of Tourism, Sport and the Arts, to the Board. VCCEP has benefited from her commitment, experience and guidance.

In addition, I would like to take this opportunity to thank my fellow Directors, Management and Staff for their hard work and the Minister and her Staff for their continuing support of this landmark Project on Vancouver's waterfront.

Accountability Statement

Vancouver Convention Centre Expansion Project Ltd's (VCCEP) 2005/06 Annual Report was prepared under my direction in accordance with the Budget Transparency and Accountability Act. As Chair of the Corporation's Board of Directors, I am accountable for the contents of the report, including the selection of performance measures and how the results have been reported. The information presented reflects the actual performance of VCCEP for the twelve months ended March 31, 2006. All significant decisions, events and identified risks, as of May 18, 2006, have been considered in preparing the report.

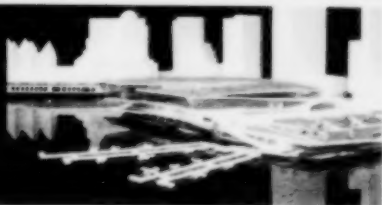
The information presented is prepared in accordance with the BC Reporting Principles and represents a comprehensive picture of our actual performance in relation to our service plan. The measures presented are consistent with VCCEP's mission, goals and objectives, and focus on aspects critical to the organization's performance.

The Board of Directors is responsible for ensuring internal controls are in place to ensure performance information is measured accurately and in a timely fashion.

This report contains estimates and interpretive information that represent the best judgment of management. Any significant limitations in the reliability of data are identified in the report.

Ken Dobell, Chair
Board of Directors

ORGANIZATION OVERVIEW



VISION

Create a unique waterfront experience for visitors and citizens alike and thereby enhance Vancouver's position as a global destination in the convention centre market.

MISSION

To design, construct and commission a world class expansion of Vancouver's existing Canada Place convention and exhibition facility.

OVERVIEW

Vancouver Convention Centre Expansion Project Ltd. (VCCEP) is a special purpose project-specific Provincially held limited corporation incorporated under the BC Business Corporations Act on February 13, 2003.

VCCEP's mandate is to design, construct and commission an expansion to the existing Vancouver Convention and Exhibition Centre including the following:

- Construction of new facilities on the Burrard Landing Site, west of Canada Place;
- Renovation of existing leased facilities within Canada Place; and
- Linking of the two sites to form an integrated convention and exhibition centre.

In June 2004 the Shareholder approved a Project Budget of \$565.0 million with confirmed contributions from the Province of BC (\$222.5 million); Government of Canada (\$222.5 million); and Tourism Vancouver (\$90.0 million). In September 2005 the Province of BC approved a \$50 million increase in the Project budget to a total of \$615.0 million. The Province also approved a funding increase of up to \$50.0 million to cover the cost of additional public amenities and the increase in the cost of construction, raising its contribution to a maximum of \$272.5 million. The balance of the Project's \$615 million budget is to be made up through the Corporation's Revenue Generation program of not less than \$30.0 million. In June 2005 VCCEP received approval of the Complete

Development Permit application for the Project from the City of Vancouver.

The Expansion Project is scheduled for completion in the Fall of 2008. The existing facility will then undergo modifications and the entire facility will be made available as the international broadcast and media centre for the 2010 Winter Olympic Games.

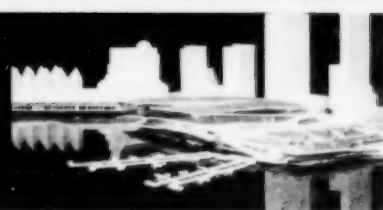
The state-of-the-art convention centre and upgrades to the existing Convention Centre will generate positive, long-term impacts on tourism and contribute to future economic growth for British Columbia and Canada. Project benefits arise firstly from its construction, followed by incremental convention attendance and onward visitation of non-resident delegates, and finally by repeat tourist visits by previous delegates and their families. All of these events create or sustain employment, and generate economic activity throughout British Columbia.

Currently, VCCEP has no employees. It utilizes the equivalent of fifteen (15) FTE contract and seconded project management and administrative staff.

VCCEP's financial management is governed by the *Financial Administration Act*. VCCEP also acts in accordance with the *Financial Information Act*, *Budget Transparency and Accountability Act* and the *Capital Asset Management Framework Guidelines* issued by the Ministry of Finance.



REPORT ON PERFORMANCE



VCCEP's Service Plan for 2004/05 – 2006/07 was completed during the preparation of the Project's Budget, Scope and Schedule. Specific performance measures and benchmarks for the corporation's core business objectives (established in conjunction with the finalization of these three key parameters) were outlined in VCCEP's Service Plan and in its Service Plan Update for 2005/06 – 2007/08 and reconfirmed in its 2006/07 – 2008/09 Service Plan.

During the year, VCCEP made acceptable progress against its construction milestones. Design Development was completed as was the Canada Way Viaduct extension and the Thurlow parkade constructed for the City of Vancouver. Pile driving neared completion and foundation construction made significant headway. The Corporation also made significant advancement in its negotiations with selected business alliance partners in its development of its mandated revenue generation program.

VCCEP faced significant challenges throughout fiscal 2005/06 in managing its construction expenditures within budget. Extensive design reviews and value engineering exercises were undertaken, and continue, in an ongoing concerted effort to mitigate escalating materials cost pressures and labour challenges British Columbia projects are currently experiencing.

VCCEP is forecasting that it will need to allocate a major portion of its remaining capital cost allowances and Project contingency to offset indicated significant negative variances to budget in upcoming rounds of construction procurement.

The robust economy has resulted in expanded opportunities for VCCEP to generate revenue from business alliances and product showcasing.

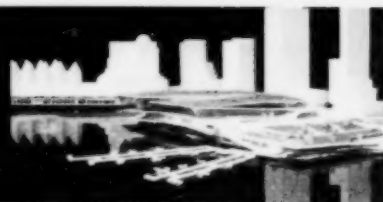
GOAL #1

To design, build and commission an expansion to the existing Vancouver Convention and Exhibition Centre (the Expansion Project) and to design and construct a connector between the new and existing facilities and to undertake renovations within Canada Place (together, the Integration Program).

VCCEP's strategy is to meet schedule, budget and quality objectives through continuous and rigorous monitoring of progress towards achievement of Project milestones and by transparent corporate reporting on a monthly, quarterly and annual basis.

MEASURES	PRIOR YEARS' RESULTS		CURRENT YEAR (2005/06)		FUTURE YEARS' TARGETS	
	2003/04	2004/05	Targets	Results	2006/07	2007/08
Meet Schedule, Budget and quality objectives	Project Commenced	Set milestone targets for budget, schedule and quality objectives	Complete Pile Driving, Design Development, Canada Way Viaduct and City of Vancouver's Thurlow Plaza Parkade	Updated milestone targets to meet revised budget, schedule and quality objective Managed construction to date within approved budget	Meet budget, schedule and quality objectives Complete pile driving, Commence structural steel erection, foundation construction and connector construction	Meet budget, schedule and quality objectives Complete foundation construction and structural steel erection And Connector Construction
Report Progress Against Milestones		Commenced foundation construction, pile driving, design development and Canada Way viaduct	Advance Foundation Construction Commence Structural Steel Erection and Construction Documentation	Completed construction of City of Vancouver parkade and Canada Way viaduct Pile Driving 93% Complete Foundation Construction 17% Complete Structural Steel deferred to 2006/07 Construction documents 75% Complete		Commence Canada Place upgrades

REPORT ON PERFORMANCE



GOAL #2

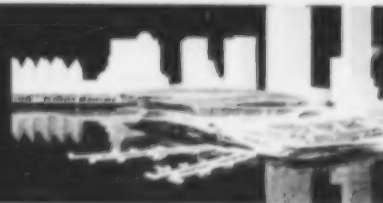
To effectively manage the Project Budget, Schedule, and related activities to ensure timely delivery of the Project within its established Budget

VCCBP's strategy is to follow the best practices and fulfill the disclosure requirements of the Province's Board Resourcing and Development Office's (BRDO) best board governance practices.

MEASURES	PRIOR YEARS' RESULTS		CURRENT YEAR (2005/06)		FUTURE YEARS' TARGETS	
	2003/04	2004/05	Targets	Results	2006/07	2007/08
Follow the Province's Board Resourcing and Development Office (BRDO) best practices for board governance.	Project Commenced.	Identified and met disclosure requirements (evaluation process published in Summer 2005)	Meet disclosure requirements	Met disclosure requirements	Meet disclosure requirements	Meet disclosure requirements
Fulfill the disclosure requirements set out in the Guidelines beginning with its 2004/05 Annual Service Plan Report		As part of its oversight responsibilities, the Board of Directors undertook monthly reviews of budget and schedule.	Distribute updated Project Implementation Plan (PIP) to all project staff and post the majority of this plan on the Corporation's website	As part of its oversight responsibilities, the Board of Directors undertook monthly reviews of budget and schedule.	Follow all governance best practices guidelines	Follow all governance best practice guidelines
		External auditors provided quarterly financial reviews and annual financial audit	Complete Board approved governance manual and post non-confidential portions on the Corporation's website	External auditors provided quarterly financial reviews and annual financial audit.		
		Established Project and quality management procedures (Project Implementation Plan and Project Management Procedures Manual)		Fully complied with established Project and quality management procedures		
				Adopted Board approved Whistle Blower Policy		
				Posted PIP and non-confidential portions of Governance manual on website.		



REPORT ON PERFORMANCE



GOAL #3

Implement and manage an effective revenue generation program to meet the Project's Budget requirements.

VCCEP's strategy is to identify potential sources of revenue and to conclude revenue producing business alliance agreements.

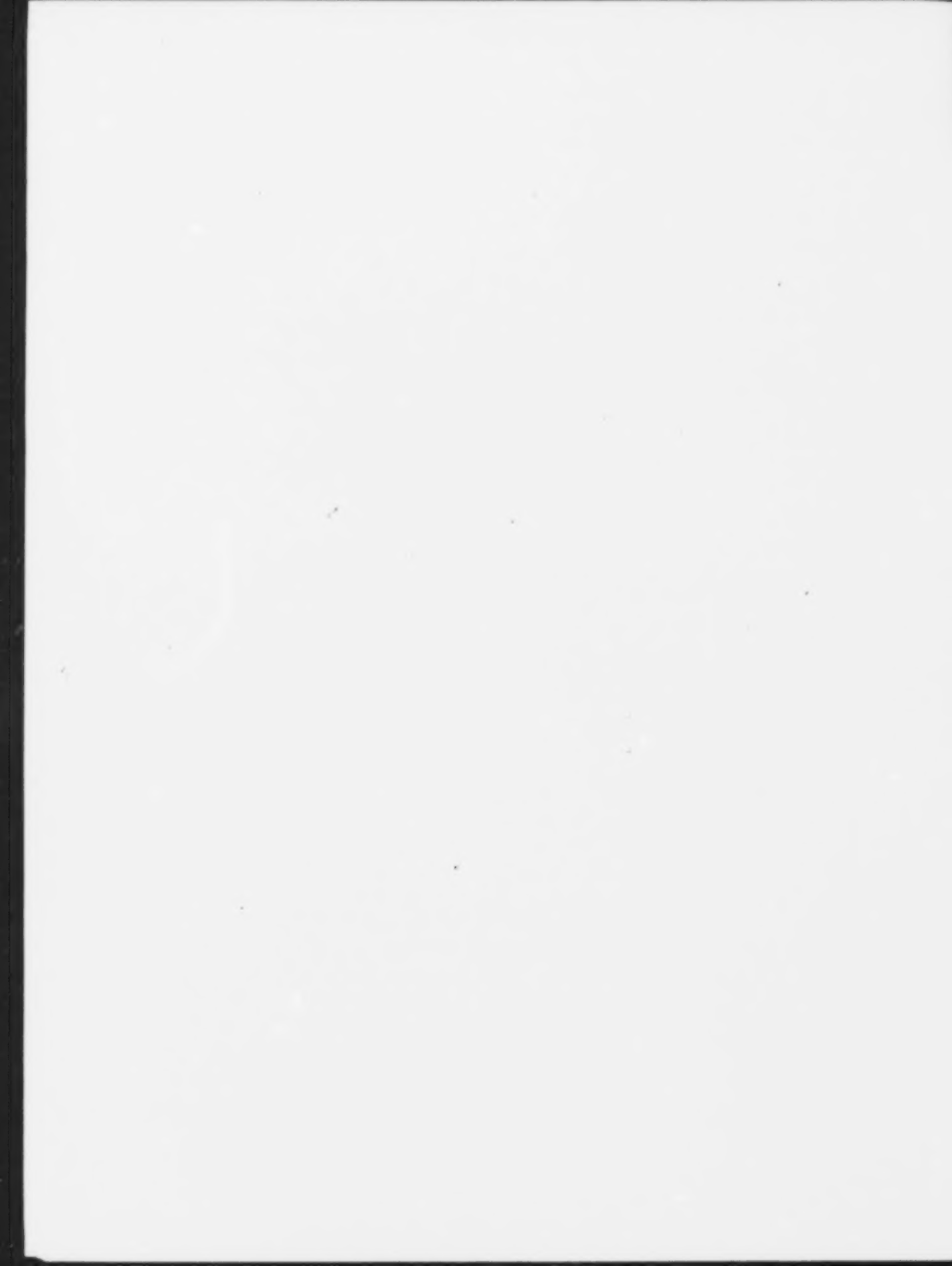
MEASURES	PRIOR YEARS' RESULTS		CURRENT YEAR (2005/06)		FUTURE YEARS' TARGETS	
	2003/04	2004/05	Targets	Results	2006/07	2007/08
Identify potential sources of revenue and conclude business alliance agreements that contribute to the generation of a minimum of \$30 million by 2008/09	Project Commenced	Contracted Revenue Generation specialists Identified potential sources of revenue Initiated discussions with potential business alliances	Commence negotiations with preferred proponents identified through competitive requests for proposals (RFPs)	Selected three major preferred business alliance proponents through RFP process Commenced comprehensive negotiation of agreements with all three preferred proponents	Continue to identify potential sources of revenue Conclude agreements with the three selected major proponents	Continue to identify potential sources of revenue Conclude additional agreements

In fiscal 2005/06, a revised Scope was approved by VCCEP's Shareholder to accommodate budget pressures arising from the over-heated construction environment and to incorporate several design enhancements arising out of the City of Vancouver approval process, including public amenities, building envelope profiling, additional commercial/retail opportunities, and facilitation of the

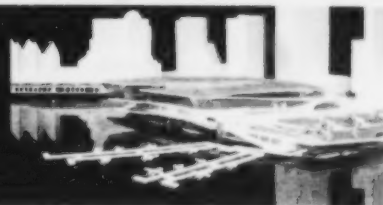
City's waterfront development master plan. This enhanced design also incorporated enhanced sustainability initiatives including a water management showcase.

The revised Scope is reflected in VCCEP's Service Plan for 2006/07 - 2008/09 and in this 2005/06 Annual Service Plan Report.





CORPORATE GOVERNANCE



ALIGNMENT WITH GOVERNMENT'S STRATEGIC PLAN

VCCEP's strategic priorities are consistent with and support the Government's strategic priorities. VCCEP is an integral part of the Government's plan to promote economic growth and revitalize the British Columbia economy.

MINISTER RESPONSIBLE

Honourable Olga Ilich,
Minister of Tourism, Sport and the Arts

The Corporation maintains an effective working relationship with the Minister through monthly project reporting and regular in-person meetings of the Chair and senior staff. The Deputy Minister is appointed as a member of the Board.

BOARD OF DIRECTORS

VCCEP is governed by a six-member Board of Directors appointed by the Shareholder.

The Board is currently comprised of:

- Ken Dobell (Chair) – Independent Consultant, former Deputy to the Premier
- Virginia Greene – former Deputy Minister, Tourism, Sport and the Arts
- Paul Taylor (Chair, Audit Committee) – President & CEO, ICBC
- Andrew Wilkinson – Lawyer, former Deputy Minister, Ministry of Economic Development
- Grant Ritchie – Independent Consultant, former Senior Vice President, UMA Engineering Ltd.
- Terry A. Lyons – Chairman, Northgate Minerals Corporation

Virginia Greene joined the Board in September 2005.

Biographies of the Board members are published on the VCCEP website (www.vcccp.bc.ca).

The activities of the Board are guided by the VCCEP Board of Directors Charter. VCCEP has a clear understanding of the roles and

responsibilities of its Shareholder and Minister Responsible. An important activity is the identification of potential additional Directors who possess skills and experience in areas relevant to the Corporation's mandate that would augment the expertise of the current Board. The Board's Charter is available on the VCCEP website.

The Board Chair, President and Corporate Secretary ensure that the Board encourages new Directors to participate and be effective as soon as possible. The President and Corporate Secretary provide new Directors with a reference guide "VCCEP Board of Directors Guidebook" and a personal Project briefing. VCCEP also provides ongoing education for Directors with respect to the organization, its sector and corporate governance. Directors are encouraged to attend educational opportunities in the areas of organization and corporate governance. In addition, the Project Team conducts briefings and Board presentations on a regular basis.

VCCEP's Directors are encouraged to meet together, without Management present, at every Board and Committee meeting. An 'In Camera' section is included on all agendas as a standing item.

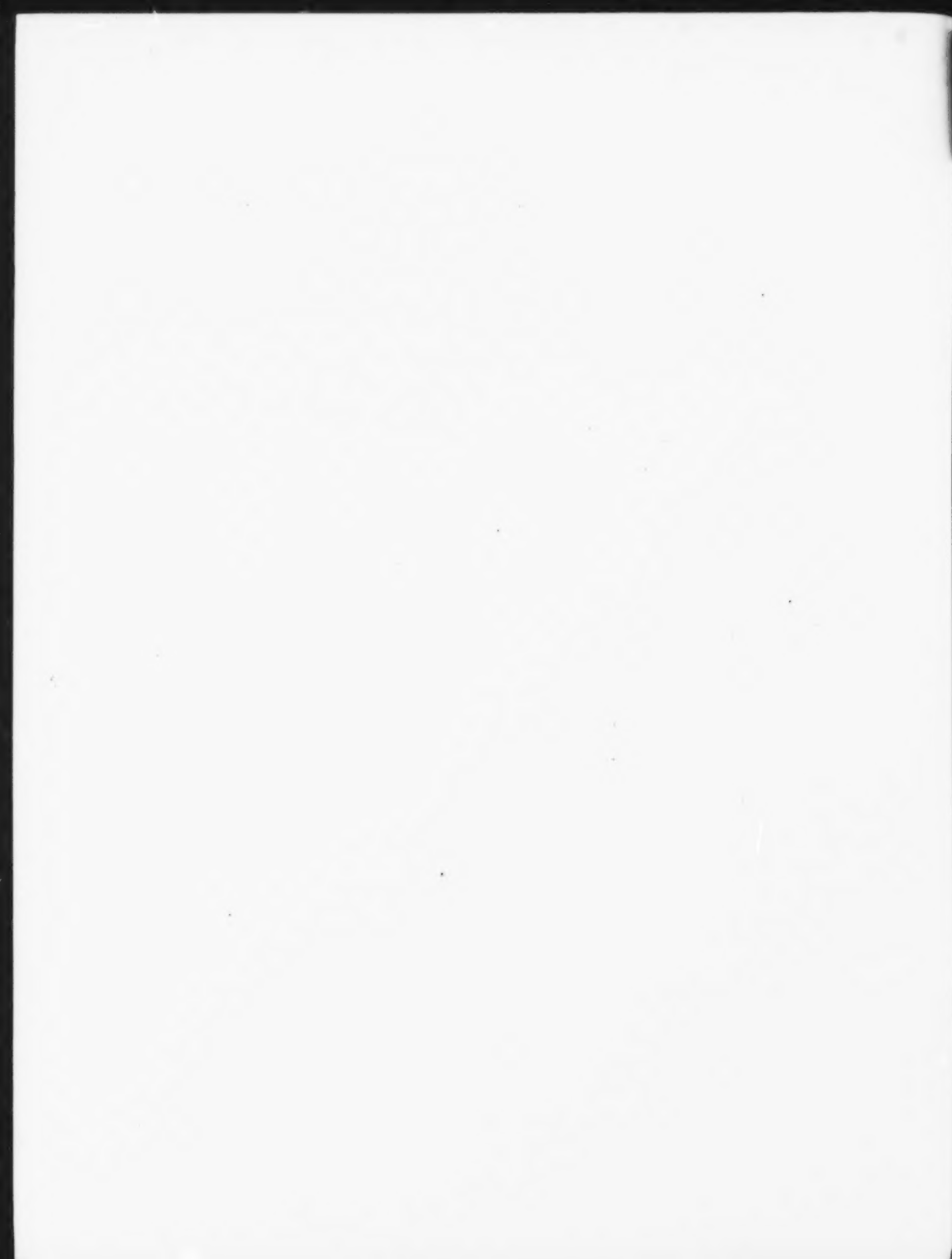
COMMITTEES

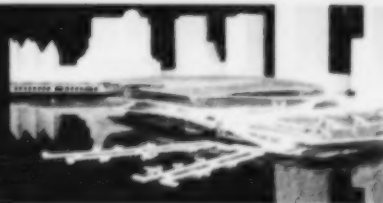
Due to VCCEP's specific purpose and time limited mandate, and due to the composition of the VCCEP Board, the Board formed the following two committees to assist it in fulfilling its governance responsibilities.

- Audit Committee
- Committee of the Whole

The Audit Committee, comprised of two Directors having extensive financial expertise – Paul Taylor (Chair) and Terry Lyons, deals with Audit and Financial related matters. The Audit Committee Chair also serves as the direct recipient of any confidential information forwarded under the Corporation's Whistleblowing Policy. The Committee of the Whole is comprised of all Directors and deals with Governance, Performance, Human Resources and Compensation. Charters for both Committees are available on the VCCEP website.







BOARD PERFORMANCE AND ATTENDANCE

The Board has established criteria to assess the performance of the Board and each committee against their respective charters; the Chair against the Chair's position description; and Individual Directors against the Director's Charter of Expectations on an annual basis. A summary of the assessment process is posted on the VCCEP website.

The VCCEP Directors are required to attend at least two thirds of Board meetings each fiscal year. Of the fifteen Board meetings held in fiscal 2005/06, the attendance was:

Board of Directors

Ken Dobell (Chair)	100%	Paul Taylor	87%
Virginia Greene ¹	100%	Andrew Wilkinson	87%
Terry Lyons	93%		
Grant Ritchie	100%		

¹September 2005 - March 2006

Audit Committee

Attendance by Audit Committee members is required at all Audit Committee meetings. The Committee met four times and the members' attendance was:

Paul Taylor (Chair)	100%
Terry Lyons	100%

Committee of the Whole

The Committee of the Whole was struck in September 2005. A two-thirds attendance is requested. The Committee met three times and the members' attendance was:

Ken Dobell (Chair)	100%	Paul Taylor	100%
Virginia Greene ¹	67%	Andrew Wilkinson	100%
Terry Lyons	100%		
Grant Ritchie	100%		

¹September 2005 - March 2006

BOARD REMUNERATION

Compensation of Directors is governed by Treasury Board guidelines. Public servants and employees of Provincial Government Agencies serving on the Board are not eligible for compensation from VCCEP other than expenses for their Board activities.

VCCEP's external Directors are paid an annual fee of \$7,500 (Chair, \$15,000) and a per diem of \$500 for each Board or non-consecutive Committee meeting attended. External Directors attending regular meetings of the Board also receive an additional per diem in the amount of \$500 in recognition of preparation and travel time. This does not apply to meetings of Committees of the Board.

Four external directors received remuneration in fiscal 2005/06:

	Annual Fee	Per Diem	Total
Ken Dobell ¹	\$13,750	\$11,000 ¹	\$24,750
Andrew Wilkinson ²	1,875	4,000 ²	5,875
Terry Lyons	7,500	14,000 ³	21,500
Grant Ritchie	7,500	15,000 ³	22,500

¹Remuneration May 2005 - March 2006; fifteen meetings and fifteen preparation days

²Remuneration January 2006 - March 2006; four meetings and four preparation days

³Fourteen meetings and fourteen preparation days

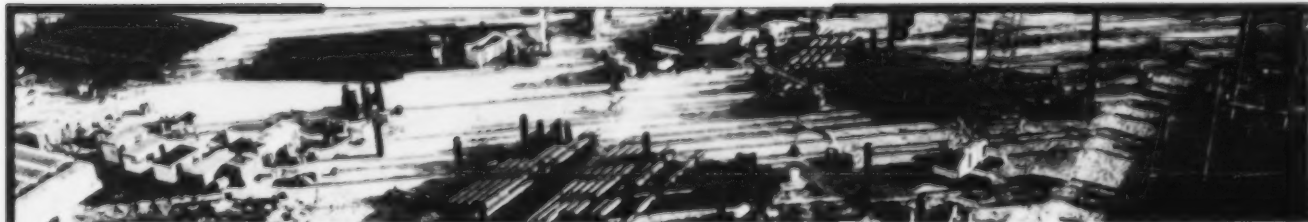
⁴Fifteen meetings and fifteen preparation days

ETHICS ADVISOR

Carol Roberts (LLM, C.Arb.) provides Ethics advice to the VCCEP Board of Directors, Project Team, and contractors.

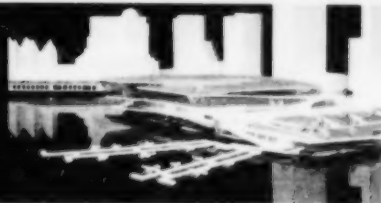
CODE OF CONDUCT

The Board of Directors and Project Team are guided by VCCEP's Code of Conduct (posted on the VCCEP website). On an annual basis, Directors and Senior Project Team members submit Code of Conduct disclosures to the Ethics Advisor who reviews the disclosures and provides the Board with an annual report.





CORPORATE GOVERNANCE



EXECUTIVE GROUP

VCCEP is led by a team of executives with extensive experience in planning, designing and building major projects within Canada. The executive group includes:

- Russell J. Anthony – President & Project Director¹
- Colin E. Smith – Chief Financial Officer & Corporate Secretary¹
- David N. Walker – Project Manager
- Lou Zoldan – Project Controls Manager
- Ken Grassi – Design Manager
- Krista Freeman, Project Controller¹
- Alexandra Wagner – Assistant Corporate Secretary¹

¹Corporation Officers

The Board of Directors has established a formal process to evaluate their performance and the performance of the Corporation's President and Corporate Secretary on an annual basis in conjunction with the annual filing of the VCCEP Annual Service Plan Report.

A summary of the process along with position descriptions for both positions is posted on the VCCEP website.

PROJECT TEAM

The VCCEP Project Team is comprised of project management personnel from Stantec Consulting and other consultants and contract employees seconded from the Rapid Transit Project 2000 Ltd., a Provincially owned corporation responsible for the design and construction of the Millennium Line SkyTrain expansion. A complete list of Project Team members is posted on the VCCEP website.

CONTACT INFORMATION

19th Floor – 999 West Hastings Street
Vancouver, British Columbia V6C 2W2

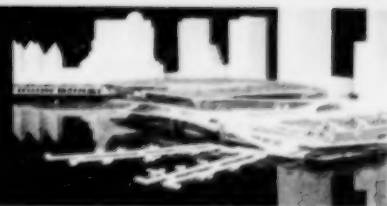
Tel: 604 484 5200

Fax: 604 484 5201

www.vccep.bc.ca



FINANCIAL REPORT



Management Discussion and Analysis

The currently approved Project Budget totals \$615.0 million and is to be funded by the Province of BC (\$272.5 million), Government of Canada (\$222.5 million), Tourism Vancouver (\$90.0 million) and VCCEP Revenue Generation (\$30.0 million). The allocation of this funding to VCCEP's discrete projects (expansion facility, connector and upgrades) is shown in Table 1 below.

The Province of British Columbia's and Tourism Vancouver's share of the total program is being advanced from the voted appropriations of the Ministry of Tourism, Sport and the Arts (and its predecessor Ministries) in fiscal years 2003/04 through 2006/07.

In addition, VCCEP has contracted with the City of Vancouver to construct a parking structure beneath its western slope transition area. The City has contributed \$4.1 million for this structure's construction; VCCEP has reallocated the balance required of \$1.9 million from Expansion Project funds previously budgeted for the transition area. VCCEP has also concluded an agreement with Western Economic Diversification Canada for purchase and installation of water management showcase systems (incremental sustainability initiatives). In total, at the end of March, 2006, VCCEP was forecasting that it would expend \$621.2 million inclusive of the following:

TABLE 1: ALLOCATION OF PROJECT FUNDING

Project (Source of Funds)	Budget	Forecast at Completion	Variance
Expansion Project (All Funding Partners)	575.0	575.0	0.0
Connector (Gov't of Canada)	20.0	20.0	0.0
Upgrades to existing facility (Province of BC)	20.0	20.0	0.0
	615.0	615.0	0.0
<i>Ancillary Projects Funded by Others:</i>			
Western Shell (City of Vancouver)	4.1	4.1	0.0
Incremental Sustainability Initiatives (Gov't of Canada)	2.1	2.1	0.0
Total Projects	621.2	621.2	0.0

At March 31, 2006, Project commitments totaled \$341.5 million of which \$188.9 million had been expended (leaving \$152.6 million to be expended).

FINANCIAL STATEMENTS

Annual financial statements to March 31, 2006, as audited by the Office of the Auditor General of British Columbia ("OAG"), are appended. The OAG has also been approved to conduct audits and reviews required under the Government of Canada Funding Agreement.





Vancouver Convention Centre Expansion Project Ltd.
Financial Statements
Year ended March 31, 2006



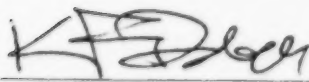
Vancouver Convention Centre Expansion Project Ltd.

Statement of Management Responsibility

Management, in accordance with Canadian generally accepted accounting principles, has prepared the financial statements of *Vancouver Convention Centre Expansion Project Ltd.* These statements present fairly the financial position of the Corporation as at March 31, 2006 and results of its operations and cash flows for the year ended March 31, 2006.

Management is responsible for the preparation, integrity and objectivity of the financial statements. Systems of internal control are developed and maintained by management to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Report of the Auditor General outlines the scope of his work on the financial statements of *Vancouver Convention Centre Expansion Project Ltd.*

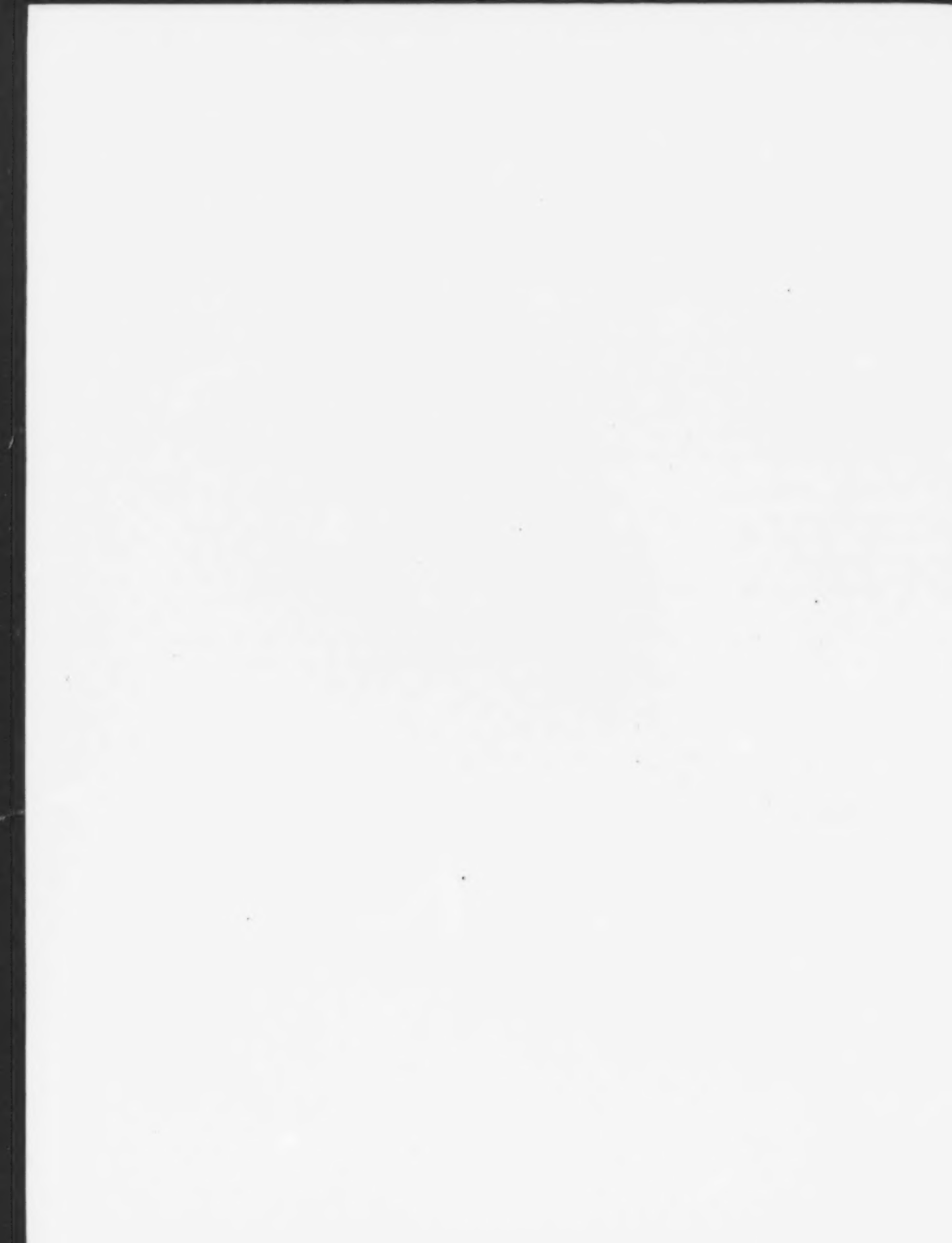


Ken Dobell
Chair



Colin Smith
Corporate Secretary &
Chief Financial Officer

Vancouver, British Columbia
May 5, 2006





Report of the
Office of the Auditor General
of British Columbia

To the Members of the Board of Directors of the
Vancouver Convention Centre Expansion Project Ltd., and

To the Minister of Tourism, Sport and the Arts,
Province of British Columbia:

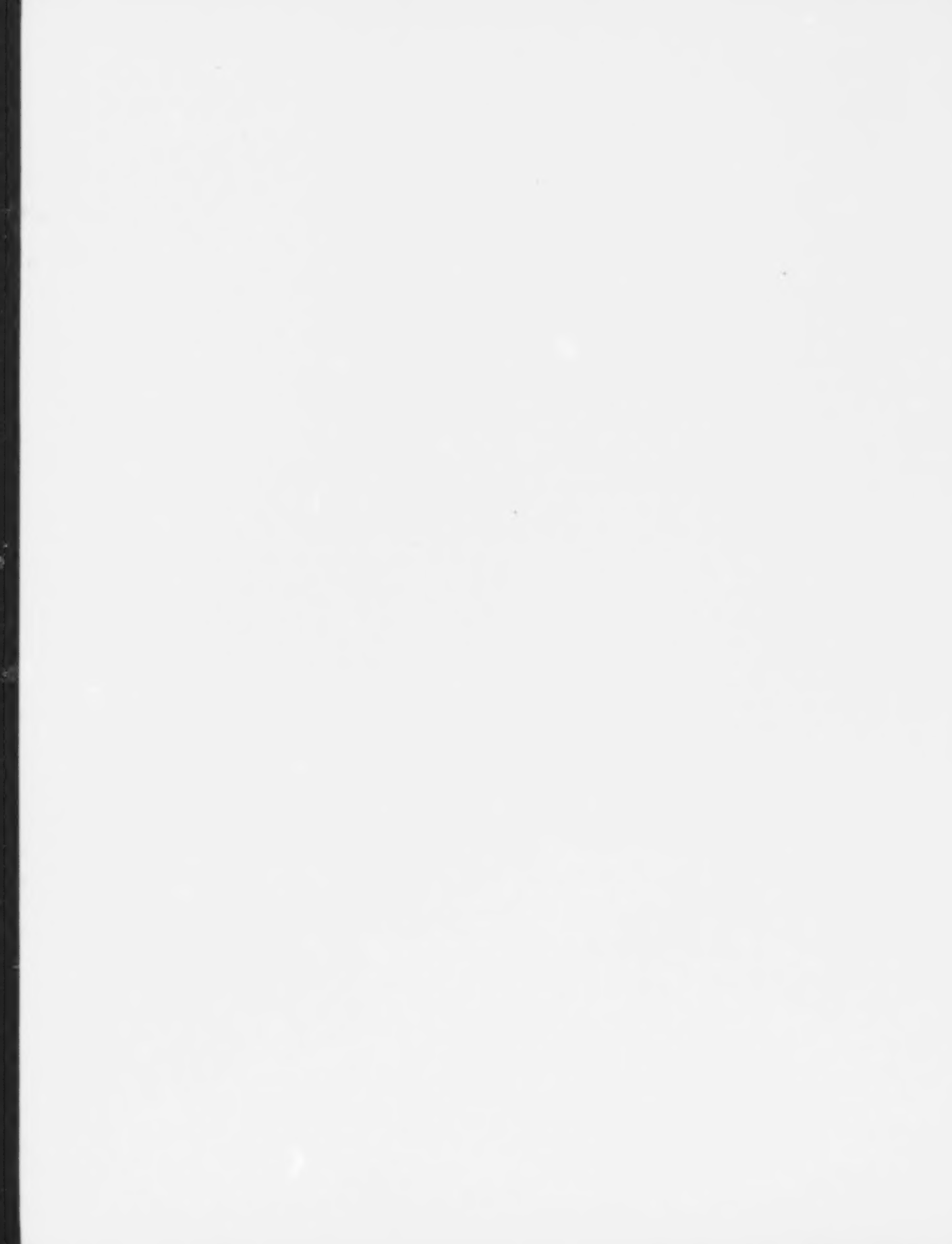
We have audited the balance sheet of the *Vancouver Convention Centre Expansion Project Ltd.* as at March 31, 2006 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the *Vancouver Convention Centre Expansion Project Ltd.* as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
May 5, 2006

Errol S. Price, CA
Deputy Auditor General



Vancouver Convention Centre Expansion Project Ltd.

Balance Sheet

(in \$000s)

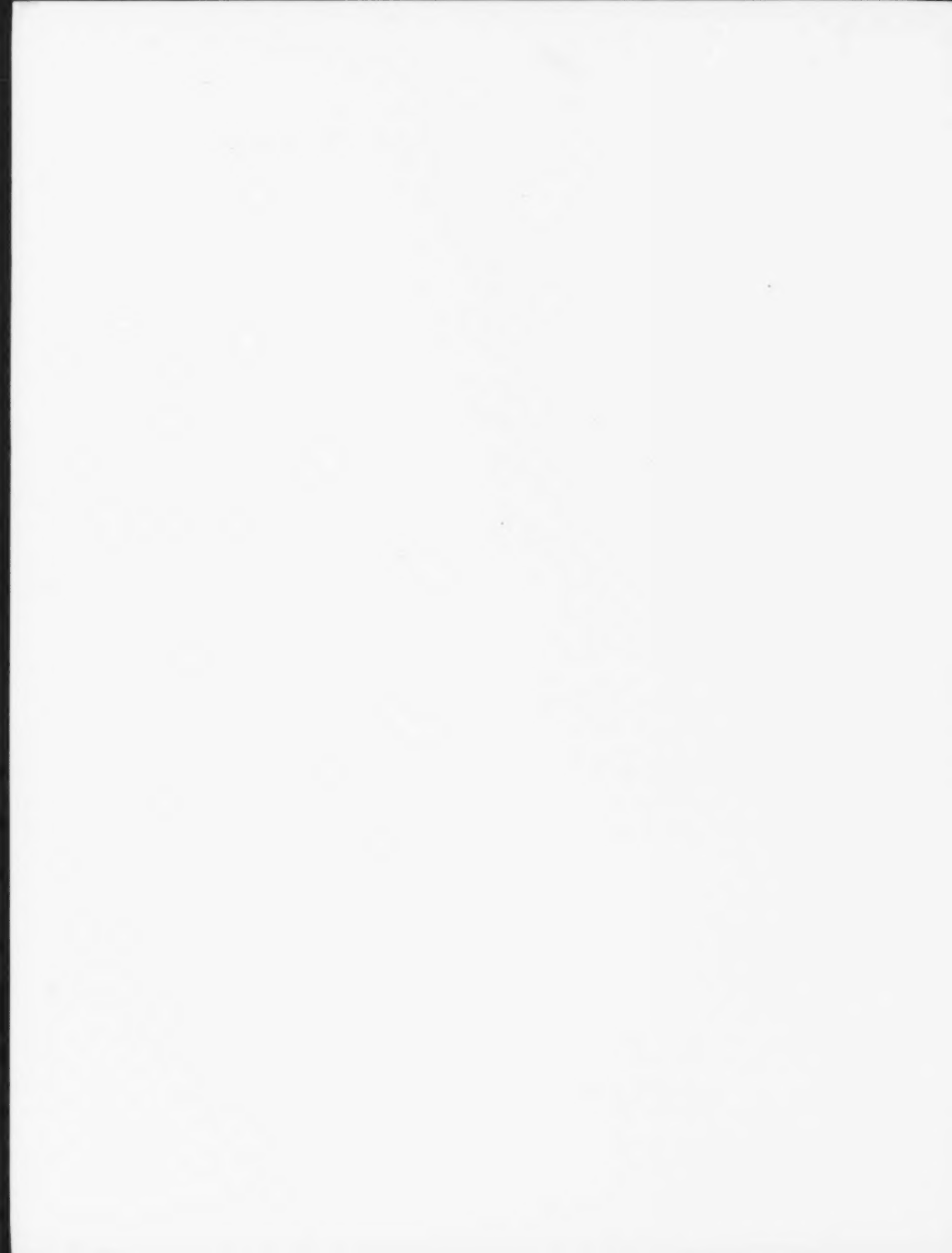
March 31	2006	2005
Assets		
Cash (Note 3)	16,762	8,678
Short term investments (Note 5)	35,561	46,244
Accounts receivable (Note 6)	4,333	2,056
Due from Government of Canada (Note 7)	13,835	24,634
Prepays	10	10
	70,501	81,622
Long term investments (Note 5)	83,578	19,869
Capital assets (Note 8)	182,530	103,531
	336,609	205,022
Liabilities		
Accounts payable (Note 9)	15,937	10,749
Deferred revenue (Note 10)	3,402	2
Deferred contribution – City of Vancouver (Note 11)	40	3,670
Deferred contribution – Other (Note 12)	114,463	57,291
	133,842	71,712
Shareholder's equity		
Share capital (Note 13)	-	-
Contributed surplus (Note 14)	201,648	132,148
Retained earnings	1,119	1,162
	202,767	133,310
	336,609	205,022
Commitments (Note 15)		
Contingent Liabilities (Note 16)		

On behalf of the Board


Chair


Director

The accompanying notes are an integral part of these financial statements.



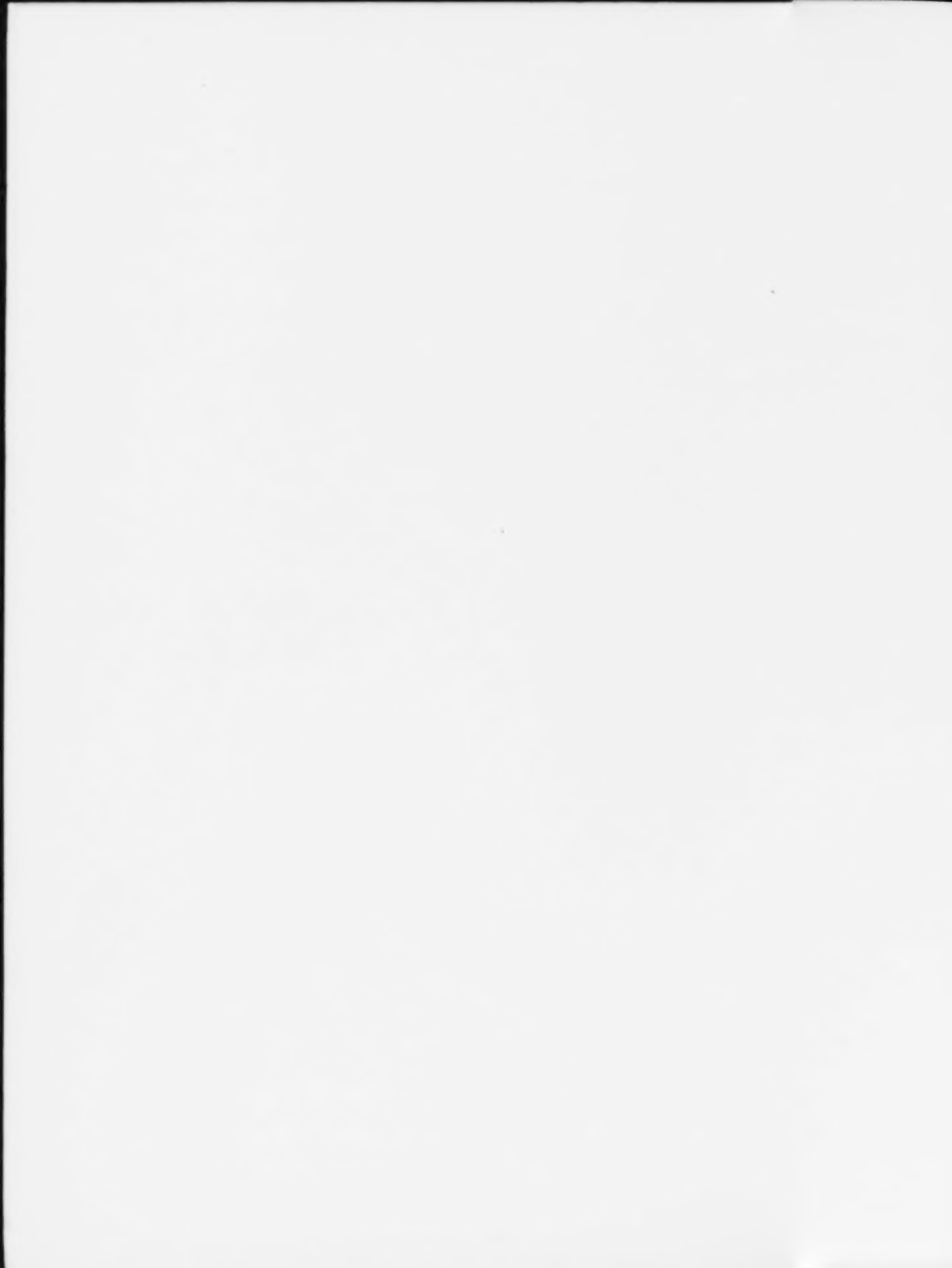
Vancouver Convention Centre Expansion Project Ltd.

Statement of Income and Retained Earnings

(in \$000s)

Years ended March 31	2006	2005
Income		
Rent	51	466
Property tax recoveries	-	29
	51	495
Expenses		
Property tax	(3)	12
Amortization	97	92
	94	104
Net (loss) income for the year	(43)	391
Retained earnings – beginning of year	1,162	771
Retained earnings – end of year	1,119	1,162

The accompanying notes are an integral part of these financial statements.



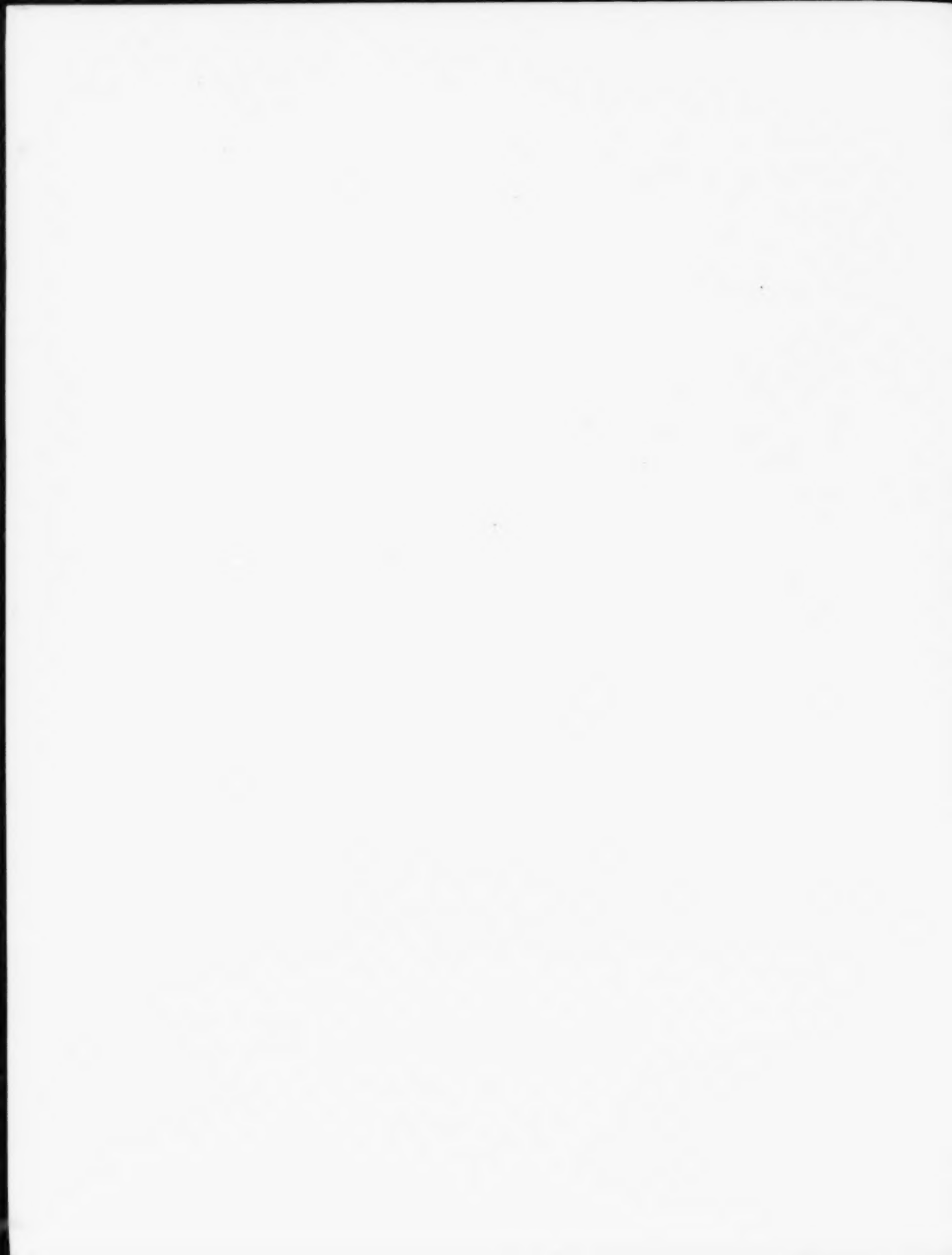
Vancouver Convention Centre Expansion Project Ltd.

Statement of Cash Flows

(in \$000s)

Years ended March 31	2006	2005
Operations:		
Net income (loss)	(43)	391
Non-cash items		
Amortization of capital assets	97	92
Deferred Revenue	3,400	(4)
Due from Forestry Innovation Investment Ltd.	(2,400)	-
<i>Cash provided by (used in) operating activities</i>	1,054	479
Investments:		
Capital asset additions	(82,893)	(49,791)
Interest earned	3,797	1,813
Long term investment	(63,709)	(19,869)
Accounts receivable	123	(1,614)
Accounts payable	5,188	(1,610)
<i>Cash provided by (used in) investing activities</i>	(137,494)	(71,071)
Financing:		
Due from Government of Canada	10,799	(12,786)
Contributions – City of Vancouver	(3,630)	3,670
Contributions – Government of Canada (INFC)	38,172	35,189
Contributions – Government of Canada (WED)	-	954
Contributions – Province of BC	69,500	65,148
Contributions – Tourism Vancouver	19,000	9,300
<i>Cash provided by (used in) financing activities</i>	133,841	101,475
Net (decrease) increase in cash and cash equivalents	(2,599)	30,883
Cash and cash equivalents - beginning of year	54,922	24,039
Cash and cash equivalents - end of year	52,323	54,922
Cash and cash equivalents		
Cash	16,762	8,678
Short term investments	35,561	46,244
Total cash and cash equivalents	52,323	54,922

The accompanying notes are an integral part of these financial statements.



Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2006

(tabular amounts in \$000s)

1) Nature of Business

The Vancouver Convention Centre Expansion Project Ltd. (the "Corporation") was incorporated under the laws of British Columbia on February 13, 2003. A board of directors, all appointed by the Corporation's sole shareholder, the Province of British Columbia, governs the Corporation.

The Corporation's purpose is to design, build, commission and own an expansion of the convention centre in downtown Vancouver. Upon commissioning, a separate entity will operate the expanded facility.

The Corporation is exempt from federal and provincial income taxes.

2) Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are:

a) Construction-in-progress

All costs of construction are recorded at cost and include direct costs during development and construction, as well as property taxes and the applicable portion of interest. At the point in time when the facilities are substantially completed, these costs will be transferred to capital assets. They will be subsequently amortized over their estimated useful lives.

b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

c) Environmental costs

Environmental costs are recorded when a determination of liability is made and the related costs can be reasonably estimated.

Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2006

(tabular amounts in \$000s)

2) Significant Accounting Policies (continued)

d) Investments

Short term investments consist of low duration, fixed income securities such as treasury bills. Long term investments consist of Government of Canada, corporate and provincial bond issues.

Short term investments are recorded at the lower of cost or fair value and long term investments are recorded at cost. Any accrued interest is recorded as an account receivable (Note 5 and 6).

e) Capital asset amortization

Capital assets are stated at cost and amortization is being calculated on the straight-line basis using the following rates:

Asset	Rate
Furniture and equipment	33%
Computer hardware	33%
Computer software	33%

f) Foreign currency translation

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date.

Any foreign currency denominated monetary liabilities are restated using the prevailing rate of exchange at the balance sheet date.

g) Related party transactions

The Corporation is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, unless disclosed separately in these financial statements, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

h) Deferred Revenue

The Corporation receives revenue in advance from lease and business alliance agreements. Deferred revenue is recognized over the term specified in the agreements.

Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2006

(tabular amounts in \$000s)

2) Significant Accounting Policies (continued)

i) Deferred Contributions

Contributions for the construction of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

3) Cash

Cash otherwise reserved represents funds received from the City of Vancouver for construction of the City's parking structure (Western Shell).

	March 31 2006	March 31 2005
Cash	16,722	5,008
Cash otherwise reserved	40	3,670
	16,762	8,678

4) Funding

The cost of construction of the new convention centre facility (Expansion facility) of the Vancouver Convention Centre is to be shared by the Government of Canada (\$202.5 million), the Province of British Columbia (up to \$252.5 million) and Tourism Vancouver (\$90 million). Tourism Vancouver's funding is being financed by way of contributions advanced on its behalf from the Province of British Columbia. A minimum of \$30 million of further funds will be secured from commercial opportunities arising from the expansion.

The Government of Canada will fund \$20 million towards the construction of a connection between the Expansion facility and Canada Place, and the Province of British Columbia will fund \$20 million of upgrades to the existing facility.

In March 2005, the Corporation entered into a separate \$2.1 million funding agreement with Western Economic Diversification Canada (WED) for incremental sustainability initiatives to be added to the expansion project.

Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2006

(tabular amounts in \$000s)

5) Investments

	March 31 2006	March 31 2005
Short term:		
Cash	7	3
Canadian treasury bills with maturities of twelve months or less and interest rates of 3.46% to 4.03% (2.33% to 2.86% in Fiscal Year 04/05).	35,554	46,241
Total cost	35,561	46,244
Fair value	35,873	46,562
Long term:		
Government of Canada, provincial and corporate bonds maturing between September 2006 and September 2008 with interest rates of 2.75% to 4.5% (3.00% to 4.50% in Fiscal Year 04/05).	64,067	15,704
Strip coupons maturing between December 2006 and June 2008 with interest rates of up to 4.13%	19,511	4,165
Total cost	83,578	19,869
Fair value	83,167	20,120

6) Accounts Receivable

	March 31 2006	March 31 2005
Trade	53	39
Interest	815	435
GST	1,058	1,575
Due from Rapid Transit Project 2000 Ltd.	7	7
Due from Forestry Innovation Investment Ltd.	2,400	-
	4,333	2,056

Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2006

(tabular amounts in \$000s)

7) Due from Government of Canada

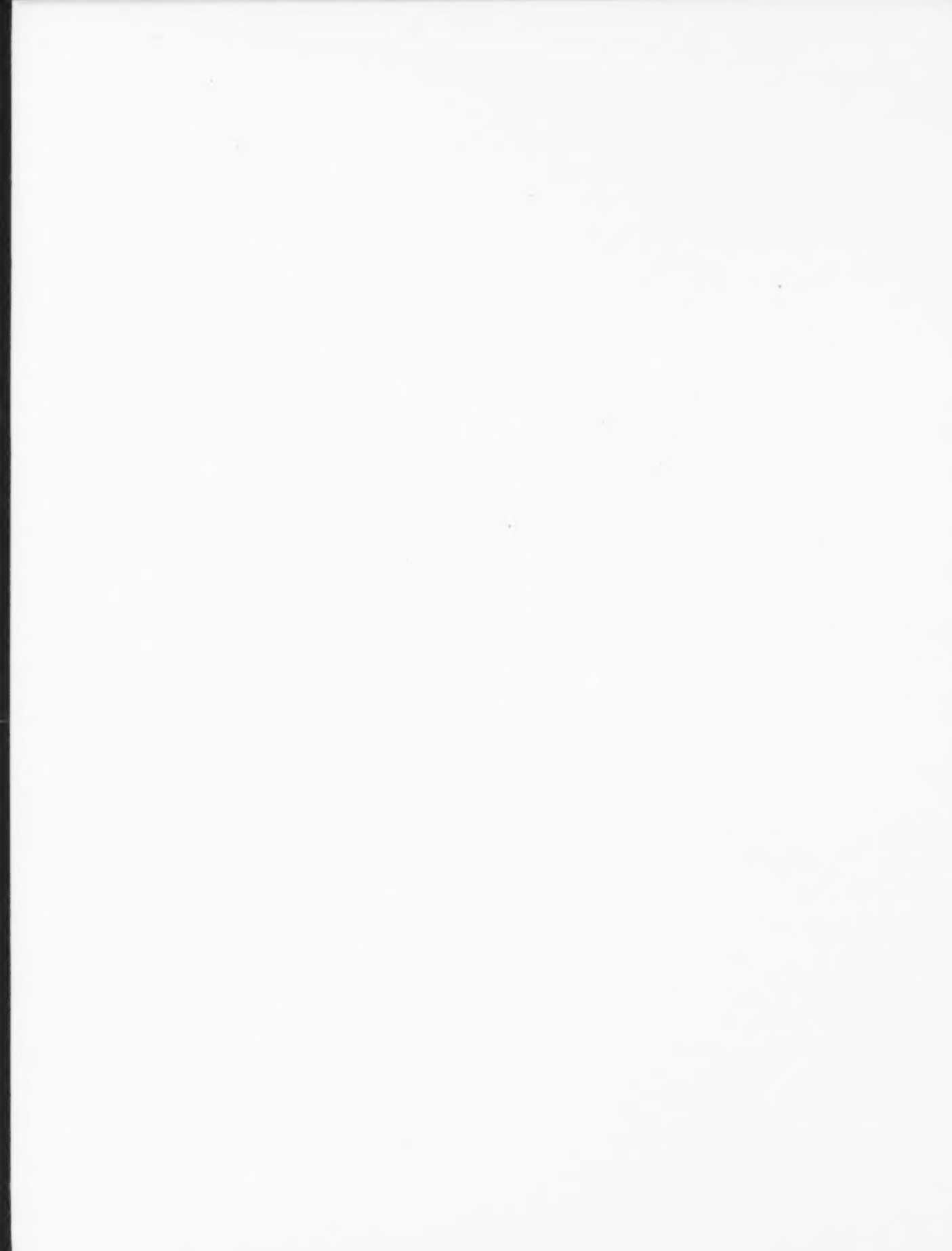
(a) Project funding

The funding agreement between Infrastructure Canada and the Corporation specifies that the Corporation may submit claims for reimbursement of paid eligible costs to a maximum of \$222.5 million. At March 31, 2006, the Corporation has recovered \$71.4 million of the \$78.5 million in total claims submitted for recovery of paid eligible costs.

(b) Incremental funding

The funding agreement between WED and the Corporation specifies that the Corporation may submit claims for reimbursement of paid eligible costs to a maximum of \$2.1 million. At March 31, 2006, the Corporation has recovered \$946,238 of the \$954,191 total submitted claims for eligible costs under this agreement.

	March 31 2006	March 31 2005
Infrastructure Canada:		
Total claims submitted	78,533	41,664
Payments received	71,381	23,357
Claims receivable	7,152	18,307
Accrued (unpaid) eligible costs	6,675	5,373
Receivable from Infrastructure Canada	13,827	23,680
Western Economic Diversification Canada:		
Total claims submitted	954	954
Payments received	946	-
Receivable from WED	8	954
Total due from Government of Canada	13,835	24,634



Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2006

(tabular amounts in \$000s)

8) Capital Assets

	March 31, 2006		March 31 2005	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	38,646	-	38,646	38,646
Furniture and equipment	55	40	15	33
Computer hardware/software	238	215	23	98
Construction-in-progress	143,846	-	143,846	64,754
	182,785	255	182,530	103,531

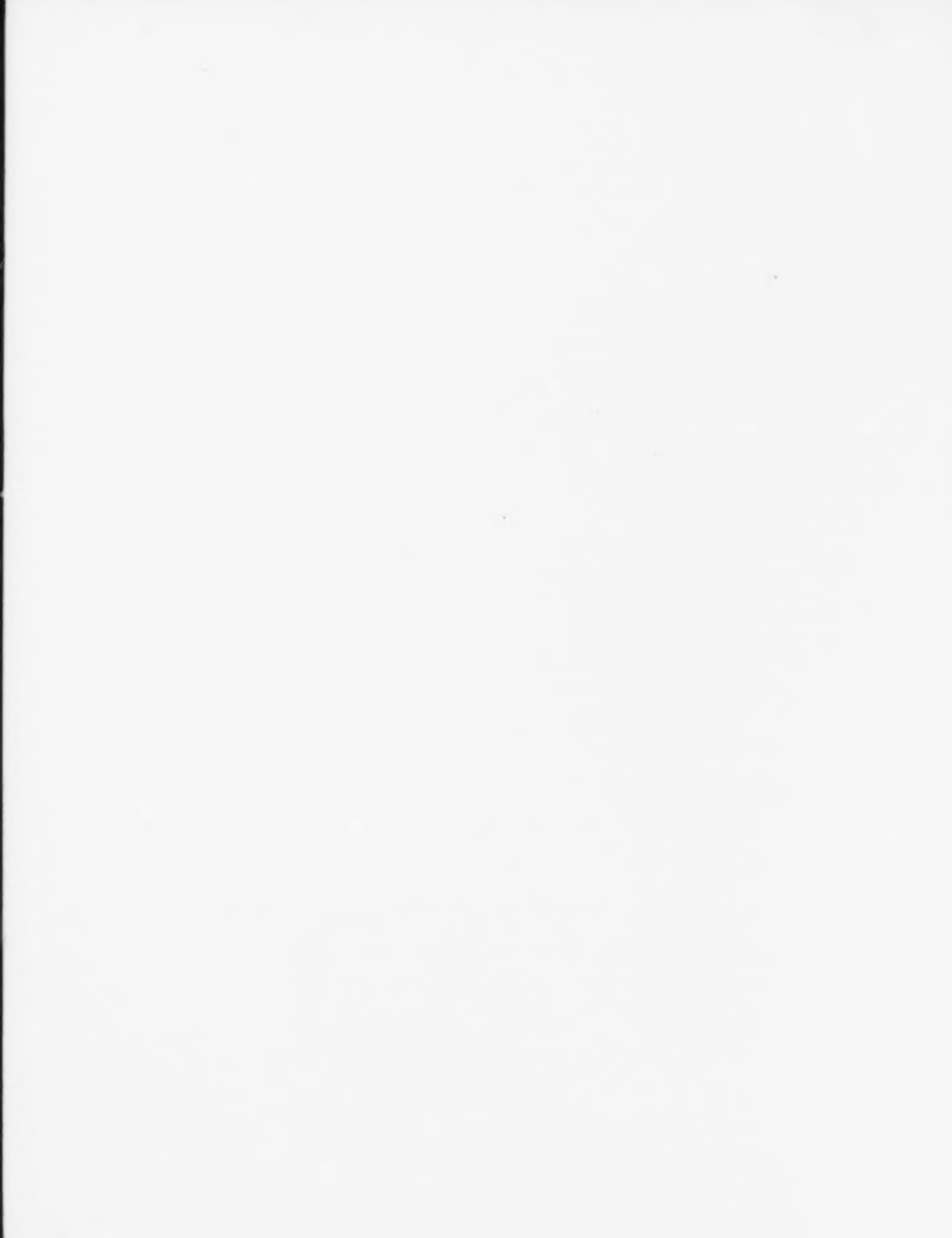
Land consists of \$28 million for the purchase of the Convention Centre lands from FHR Properties in March 2003, and \$10.6 million for the purchase of Lot D from the City of Vancouver.

The Corporation has entered into an agreement with FHR Properties whereby FHR Properties has granted the Corporation an Option to Purchase Water Lot 22 for the sum of \$1. Lot 22 is adjacent to the Convention Centre lands currently owned by the Corporation. The Corporation may exercise this Option up to its expiry date of March 31, 2007. On October 20, 2005, the Corporation's Board of Directors authorized the Corporation to exercise its option to purchase water Lot 22 from FHR Properties.

Construction-in-progress includes \$3.1 million of steel pipe which was transferred to the Corporation by the Province, upon windup of the Vancouver Trade and Convention Centre Authority. The pipe is also reflected in contributed surplus (Note 13).

9) Accounts Payable

	March 31 2006	March 31 2005
Trade	14,449	9,318
Lien holdbacks	1,365	1,328
Due to Minister of Finance	70	50
Due to Rapid Transit Project 2000 Ltd.	53	53
	15,937	10,749



Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2006

(tabular amounts in \$000s)

10) Deferred Revenue

	March 31 2006	March 31 2005
Forestry Innovation Investment Ltd.	3,400	-
Unearned lease revenue	2	2
	3,402	2

11) Deferred Contribution – City of Vancouver

The Corporation entered into an agreement with the City of Vancouver, whereby the City has funded \$4.1 million for construction of a parking structure below the future Thurlow Street plaza (referred to as the Western Shell), which the Corporation is project managing as part of the expansion project.

	March 31 2006	March 31 2005
Total funding received	4,076	4,076
Western Shell costs to date	4,036	406
Net deferred contribution	40	3,670

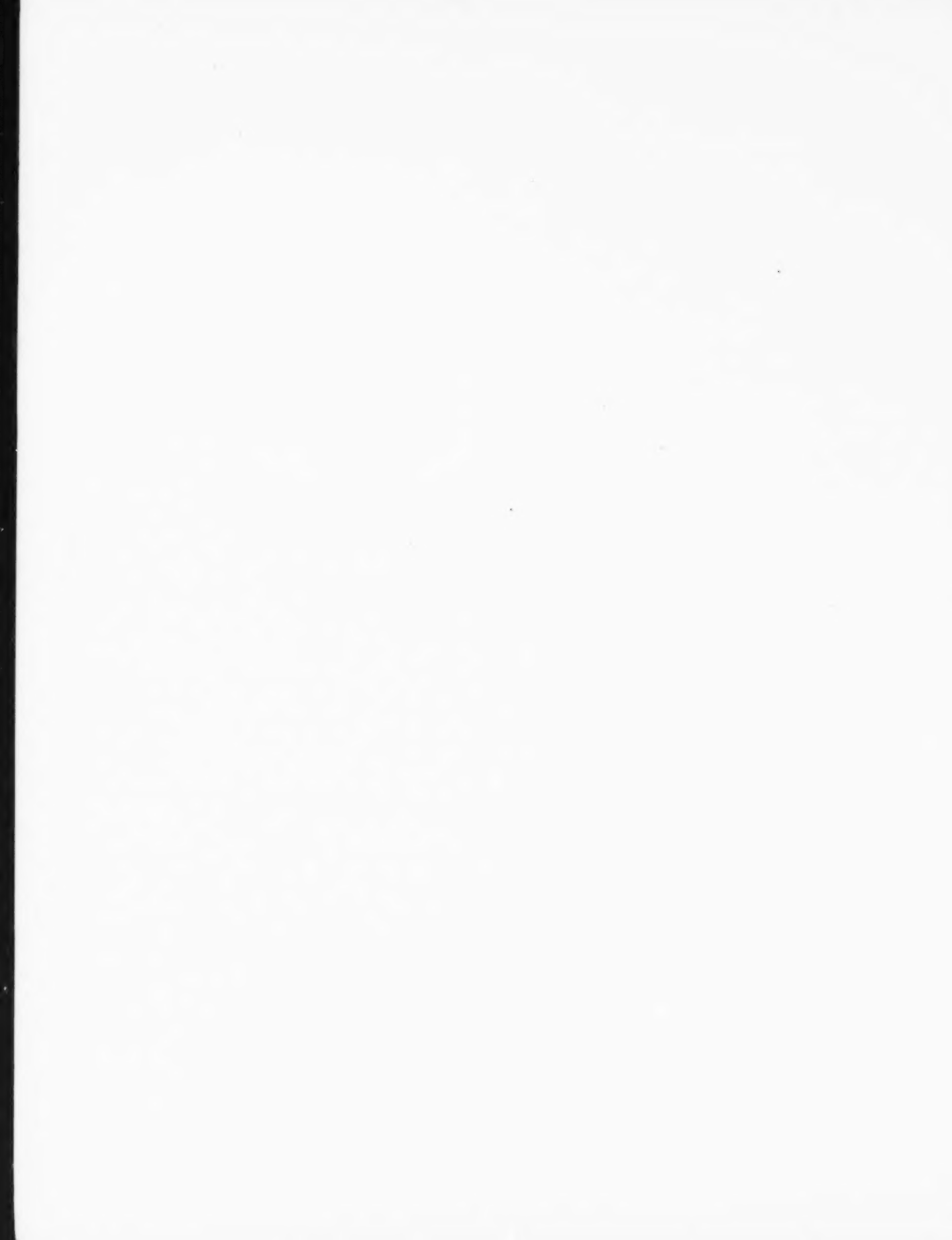
12) Deferred Contribution – Other

The Corporation received contributions as follows:

	March 31 2006	March 31 2005
Government of Canada (INFC)	85,209	47,037
Government of Canada (WED)	954	954
Tourism Vancouver	28,300	9,300
	114,463	57,291

13) Share Capital

The Corporation has authorized capital of 100,000 common shares without par value of which 100 shares are issued and outstanding. The Minister of Tourism, Sport and the Arts holds the share issued as the designated representative of Her Majesty the Queen in right of the Province of British Columbia.



Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2006

(tabular amounts in \$000s)

14) Contributed Surplus

The Corporation received contributions as follows:

	March 31 2006	March 31 2005
Province of British Columbia	198,500	129,000
Province of British Columbia (VTCCA pipe)	3,148	3,148
	201,648	132,148

15) Commitments

(a) Construction-in-progress

As at March 31, 2006, the Corporation is committed to future expenditures of approximately \$152.6 million (\$89.9 million at March 31, 2005) for contracts currently entered into with respect to the Project.

(b) Operating Lease

The Corporation is committed to payments under operating leases as follows:

	March 31 2006	March 31 2005
Year ending March 31, 2007	275	260
2008	275	260
2009	140	130

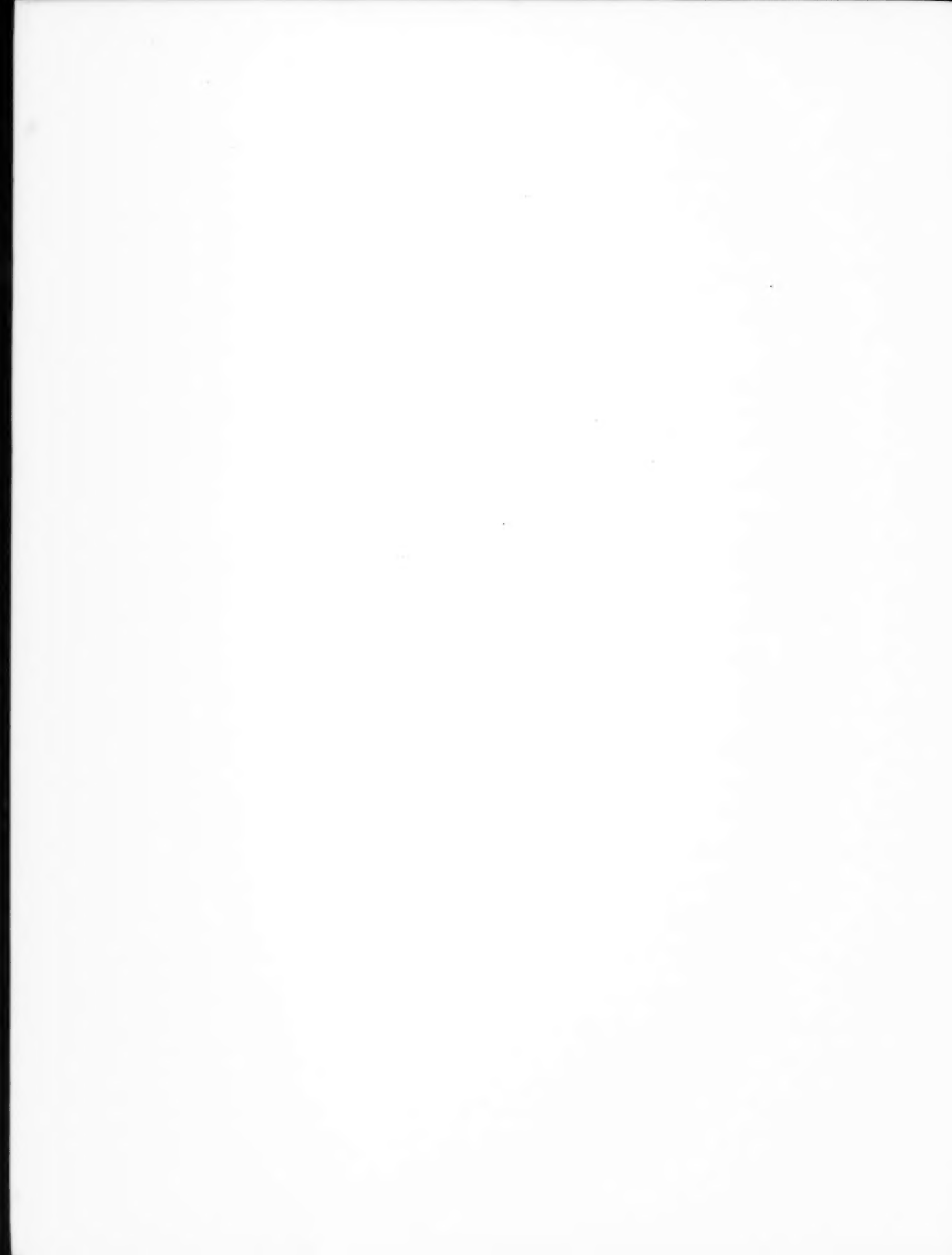
16) Contingent Liability

Financial Security

The Corporation has issued Letters of Credit to the following:

	Value (in \$)	Expiry Date
<u>City of Vancouver:</u>		
Thurlow Street Viaduct warranty costs	\$211,940	October 20, 2006
<u>Department of Fisheries and Oceans Canada:</u>		
Habitat compensation and monitoring	\$100,000	September 3, 2006

The Letters of Credit include an annual auto-renewal clause, unless cancelled prior to the expiry date.



Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2006

(tabular amounts in \$000s)

17) Financial Instruments

The Corporation's financial instruments consist of cash, short term investments, accounts receivable, long term investments and accounts payable. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risk arising from these financial instruments.

18) Comparative Figures

Certain 2005 figures have been reclassified to conform with the current year.

